

## ENTERPRISE VIABILITY OF DHOKRA CRAFT IN ADILABAD

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### ABSTRACT

Handicraft sector is the second most important traditional employment opportunity in India. Dhokra, a traditional tribal metal craft is widely pursued in the Adilabad district of Telangana. The present paper project on enterprise viability estimated using the factors viz; product, process, worker and promotion of the product. Thirty dhokra enterprises were taken for the study using random sampling method. The results indicated that eighty percent of the units were operative beyond 20 years. Eighty seven percent of the dhokra enterprises were found as nonviable with benefit cost ratio less than one. The low viability was majorly reported due to lack of sufficient capital(80%), lack of technology to simplify the work process(34%), lack of proper market chain(53%) and no protection from the occupational hazards in the work environment(30%). Thus there is need to look into factors affecting this livelihood occupation and make it viable.

**KEYWORDS:** Tribal Craft, Viability, Informal Sector, Tribes

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### INTRODUCTION

India is the only country in the world with an unbroken, living vibrant tradition of crafts. Dhokra, a traditional tribal metal craft work, a household enterprise is quite popular in the regions of Telangana and is widely seen in Adilabad District in addition to Jharkhand, Chhattisgarh and Orissa. The household economies of these tribes depend on the revenues generated through the craft. Thus, understanding the performance and productivity of household enterprises is necessary for understanding of economic well-being. Artisans of these craft work hard to sustain their livelihood in the changing socio-economic context of the society, consumer demands and marketing opportunities. Knowledge of the current status of the enterprise brings to light on viability of the livelihood of the artisans. Therefore an exploratory survey was conducted to understand the general profile of the enterprise and the enterprise viability of dhokra craft. The inherent problems and factors restricting the possibilities of growth and viability of their household enterprise were also examined.

### LITERATURE REVIEW

A study conducted by Hamid and Imtiyaz (2014) on cost and return analysis of shawl industry in handicraft sector revealed the method to analyze whether the enterprise is viable. An estimate of Gross revenue earned over total cost expended was used to draw the benefit cost ratio in the study. The study stated that in shawl industry the net returns per rupee of investment at an average were Rs 1.47, which implied that every single rupee

of investment fetched a profit of one and a half rupee.

The findings of the study inferred that shawl industry of handicraft sector was highly profitable enterprise.

Hansen and Wethal (2015) opined that the small scale enterprises generally lack information on sources of financial support they can seek. Moreover, the complex and time consuming application procedures were hindering the entrepreneurs to seek financial support easily. The capability to save was also found as marginal and therefore the economic viability of the enterprise was suffering.

Sinha (2015) observed that in India, the viability status of small enterprises was alarming and precarious. It was highlighted that 9 units out of every 10 small scale industries were reportedly sick to the extent of rendering the units beyond cure, i.e. non-viable.

## METHODOLOGY

The present study was carried in selected dhokra craft units located in Kesalaguda, Jamgaon and Ushagaon villages of Adilabad district in Telangana on an exploratory research design. Thirty units were randomly selected for the study. Interview technique was followed with the help of a detailed schedule to elicit information. The location of the dhokra units was taken as independent variable against which the viability of the enterprises was studied. An enterprise was considered as viable when the total income accrued from the sales was more than the investment worth in factors of production at the given time horizon. Therefore, information on the period of enterprise establishment, the number of workers, the cost of production as per factors viz; product, process, workers, product promotion ; and the product selling cost were elicited to understand the profile and profitability of the dhokra enterprise.

## RESULTS AND DISCUSSION

### • Profile of Dhokra Craft Enterprise Units

The profile of the enterprise was examined based the type of enterprise, years of establishment, number of workers and the nature of the enterprise. All the units were operative as a household occupation where in the participation of family members irrespective of gender were found. Since nuclear families were in majority, the head of the family was considered as the entrepreneur and the mean age of the entrepreneur was found to be 46 years. It can be learnt from table 1 that eighty four percent of the units were being in operation beyond twenty years. Only sixteen percent were established below twenty years. Therefore, dhokra craft units were in operation since generations in Adilabad district.

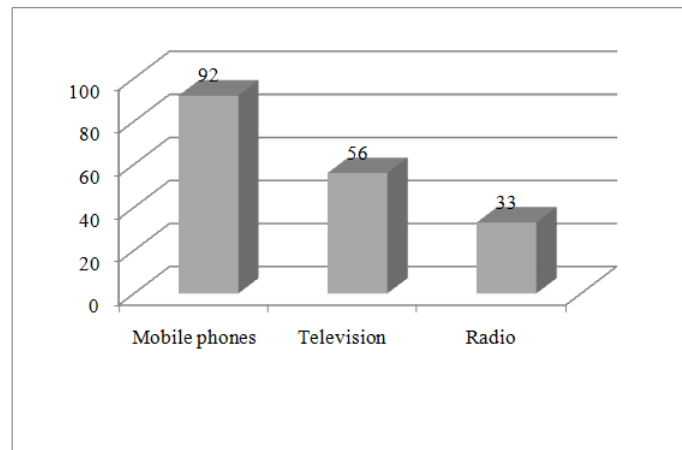
**Table 1: Period of Establishment of Dhokra Craft Units**

Sl. No	Years of Establishment	Percentage
1.	Less than 20 yrs	16
2.	20-30 yrs	44
3.	30-40 yrs	24
4.	More than 40 yrs	16

**Table 2: Size of Dhokra Units as Per Workers**

Sl. No	No of workers	Percentage
1.	Less than 3 workers	60
2.	3-5	37
3.	More than 5	3

Sixty percent of the units were operating with less than three workers (Table 2). Thirty seven percent of the units were having three to five artisans to work who were family members. Ninety two percent of entrepreneurs of the units possessed mobile phones as means of communication. Television was available in fifty six percent of the units and radio was available in thirty three percent of the units is shown in Figure 1.



**Figure 1: Usage of Communication and Mass Media**

- Production Cost**

Cost of production of an enterprise for an annum was calculated using the fixed cost, variable cost details of the enterprise. Table 3 projected the production cost details of a dhokra enterprise. The fixed cost was Rs.1080 which included the insurance charges and miscellaneous costs where as the land cost, habitat cost were not included as they were residential houses. The equipments were very old indigenously made tools. Thus the equipment cost was also not considered as cost. The variable costs included the cost of raw material i.e. brass, wax and wood which was Rs 107000/- per unit per annum. Whereas the cost of services like electricity, transport for procurement of raw material and to sell the product in market, the labor cost and also phone bills was found to be to a tune of Rs 14,000/-. The interest paid towards debts taken for enterprise operations was Rs.8000/- The estimated production expenditure brought to focus that out of Rs 135080/-, the share of expenditure was more towards raw material procurement. However, it was found to vary according to the market variation.

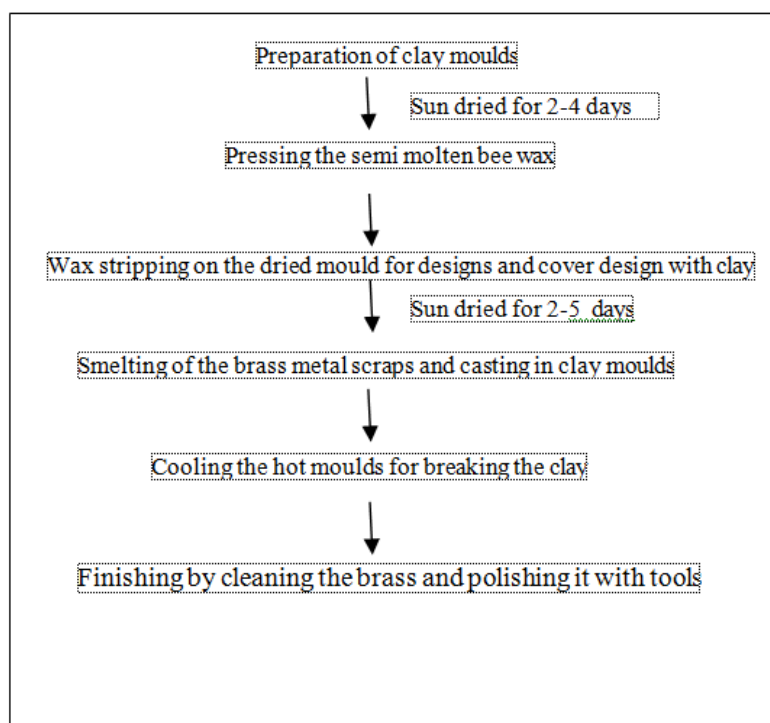
**Table 3: Annual Production Cost per Dhokra Craft Enterprise**

Sl. No	Production Cost	Amount in Rupees/Annum
1.	Fixed cost details: (Insurance, Miscellaneous)	1080
2.	Variable cost details:	
	Raw material 1(brass, wax, wood)	107000
	Services (Electricity, transport, mobile bill)	14000
	Labour cost	5000
3.	Interest payable	8000
	<b>Total Cost</b>	<b>135080</b>

- Product and Process**

The products developed were majorly tribal pooja items like guram, hanging lamp, marriage set, big bells and rice bowl. Conventional manual processing techniques were used while making the products. Figure 2 illustrate the indigenous

process as flow chart followed while making the products.



**Figure 2: Indigenous Process of Dhokra Product**

- Product Promotion and Marketing**

Since the items made were tribal culture based puja items, bell and guram were the most sold items in the local markets. The location of the units was in the interior tribal hamlets. The products were not versatile or stylized or refined for attracting the consumer needs in urban areas. Lack of new product development, poor education, limited the opportunity of product promotion and sales.

- Product Sales and Income**

The selling cost per unit ranged from 400 to 1500 based on product. Table 4 indicated the product selling cost details per unit per annum to study the gross revenue. The income generated by the sales of the products for an annum ranged from Rs8000 to 40000/-. The gross income obtained by the enterprise was Rs. 118000/-

**Table 4: Gross Income per a Unit Dhokra Craft Enterprise**

Products	Selling Cost / Unit ( Rs)	Income / Annum ( Rs)
Big bell	1000	20000
Marriage Set	1000	40000
Guram	600	30000
Rice bowl small	800	8000
Hanging lamp	1000	20000
<b>Gross Income</b>		<b>118000</b>

- Enterprise Viability**

The profit obtained by the enterprise was calculated as the difference between gross income earned from sales and

expenditure incurred for production.

$$\text{Profit} = \text{Gross income} - \text{total cost}$$

$$118000 - 135080 = -17080$$

It was understood in the context that the estimated expenditure was over weighing the income obtained from sales and therefore, negative income to a tune of Rs. 17,080/- was noted.

$$\text{Benefit /cost ratio} = \text{Gross income/total cost} = 118000 / 135080 = 0.87$$

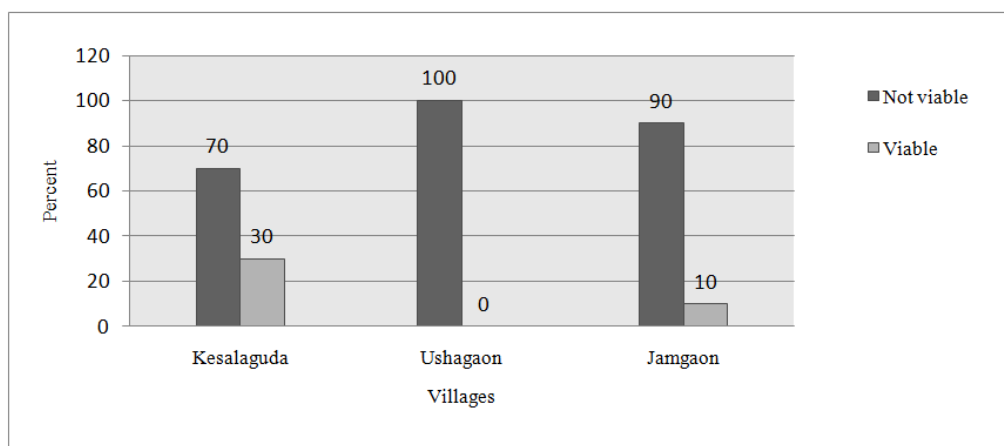
When the enterprise viability was calculated using the benefit /cost ratio, it was found as less than one which means that on spending of 1 rupee as investment the returns were only to the extent of 0.87. The deficit of 0.13 rupee represented that the enterprise was not in commensuration with the investment. Therefore it can be stated that the present dhokra craft was not found to be viable.

#### • Dhokra Craft Units Compared between Locations on Enterprise Viability

Based on the benefit /cost ratio the enterprise were categorized as viable and nonviable enterprise in Table 5. It was found as per the table that 87 per cent of the enterprises were not viable, whereas thirteen percent of the enterprises were viable. The average benefit cost ratio for nonviable units was 0.62 and the average benefit cost ratio for the viable units was 1.13. This showed that the viability is very meager even in the viable units.

**Table 5: Benefit Cost Ratio of Thirty Enterprises**

Sl. No	Benefit /Cost Ratio	Mean $\pm$ Standard Deviation	Percentage
1	Less than 1	0.62 $\pm$ 0.18	87
2	More than 1	1.13 $\pm$ 0.13	13



**Figure 3: Comparison of Benefit /Cost Ratio among the villages**

When the locations were compared based on the viability, seventy per cent of units at Kesalaguda, ninety per cent at Jamgaon and hundred per cent of the enterprises at Ushagaon village were found not viable (Figure 3). The chi square test ( $P 0.196 > 0.05$ ), revealed that statistically there was no significant association between the locations on viability of the units. This observation leads to infer that nonviable enterprise units were dominating at all locations.

- **Reasons for Non-viability of the Dhokra Craft Enterprises**

The reasons for the non-viability of the units were examined and were presented in Table 6.

**Table 6: Reasons stated by the entrepreneurs**

Sl. No	Reasons stated by the entrepreneurs	Percentage
1	Lack of sufficient capital	80
2	Lack of product appeal and demand for product	20
3	Lack of technology and long working process	34
4	More middlemen in the market chain	53
5	Tiresome job and body pain due to work	30
6	Lack of sufficient support from government	10

As per the prioritized reasons stated that eighty per cent of the entrepreneur felt lack of sufficient capital as a barrier for increasing the production. Fifty three percent stated that there was more of middlemen in the market chain which is making them lose their price for the product. Thirty four percent reported that lack of technology and long working process are the conditions limiting them to improve the pace of production. Thirty percent reported that the workers felt the job as strenuous and reported body pain leading to musculoskeletal discomforts and low pace of production. Twenty percent reported that the modern product did not fetch demand in the local market which is accessible to them. Ten percent stated that lack of sufficient government support and market promotion as the reason for low sales.

## CONCLUSIONS

The study gave an insight that the dhokra craft enterprise was not felt as a viable option for livelihood security of the tribal population depending on it in Adilabad district. The major reasons barring viability of the enterprise were understood to be lack of sufficient capital, lack of product appeal, lack of proper market channel and workers were not protected from the occupational hazards. The factors which were stated were to be looked into and the scope of improving the production by stylizing products, use of ergonomically designed equipment, market promotion, etc. were to be taken up. Thus, it will lead to help the tribal people and their craft work to sustain themselves.

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